GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:3890
ANSWERED ON:08.12.2016
UDAY
Jardosh Smt. Darshana Vikram;Malviya Prof. Chintamani;Reddy Shri Ch. Malla

Will the Minister of POWER be pleased to state:

(a) whether the Government has fixed a target to ensure loss free operation of each power distribution company by the year- 2019;

(b) if so, the details thereof along with the steps being taken/likely to be taken to bail out the loss making power distribution companies;

(c) whether a few States have gone through the Ujwal DISCOM Assurance Yojana (UDAY) process and if so, the names of those States and the results achieved by them;

(d) the steps being taken to reign in other States under the UDAY; and

(e) the percentage of debt financing by State DISCOMS and its impact on the power sector?

Answer

THE MINISTER OF STATE (INDEPENDENT CHARGE) FOR POWER,
COAL, NEW & RENEWABLE ENERGY AND MINES

(SHRI PIYUSH GOYAL)

(a) : The Government of India has launched Ujwal DISCOM Assurance Yojana (UDAY) on 20-11-2015 for the financial and operational turnaround of state-owned Power Distribution Companies (DISCOMs). Participating States/UTs, have signed a Memorandum of Understanding (MoU) under UDAY, to reduce the gap between Average Cost of Supply (ACS) and Average Revenue Realized (ARR) to zero latest by 2019-20.

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(b) : The scheme aims to reduce the interest costs, reduce the cost of power and improve operational efficiency of DISCOMs by measures, which include States taking over 75% of DISCOMs debts as existed on 30.09.2015; efficiency measures such as coal swaps, coal linkage rationalization, supply of washed coal, etc. for Thermal power plants; Demand side management, feeder metering, segregation & improvement etc.

(c) & (d) : So far, Sixteen States (Andhra Pradesh, Bihar, Chhattisgarh, Goa, Gujarat, Haryana, J&K, Jharkhand, Karnataka, Madhya Pradesh, Maharashtra, Manipur, Punjab, Rajasthan, Uttar Pradesh, Uttarakhand and the Union Territory (Puducherry) have signed the Memorandum of Understanding (MoU) with the Government of India under UDAY. The participating States have issued Bonds worth 1,82,204.29 crores under UDAY and thus reduction in interest cost has already started. Cost of Power Generation is also on downward trend.

UDAY is an optional scheme for the States to join for achieving financial and operational turnaround of their DISCOMs. The Government of India has already explained the details to the States intending to participate under the scheme and also extended the timeline upto 31-03-2017 to facilitate their participation.

(e) : The scheme envisages that participating States take over 75% of DISCOM debt as on 30th September, 2015 over the periods 2015-16 and 2016-17. The DISCOMs would convert 25% of their balance debt into repriced loans/Bonds below a predecided maximum interest rate. This will result in significant reduction of the interest burden and cut down on losses of DISCOMS, which in turn, will have a positive impact on the entire Power Sector value chain.

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